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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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Arizona Corporation Commission

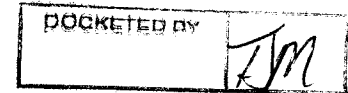
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GARY PIERCE - Chairman  
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JUL 10 2012

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL



IN THE MATTER OF THE APPLICATION OF  
KOHL'S RANCH WATER COMPANY FOR  
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02886A-12-0190

PROCEDURAL ORDER

**BY THE COMMISSION:**

On May 25, 2012, Kohl's Ranch Water Company ("Kohl's Ranch") filed with the Arizona Corporation Commission ("Commission") a rate application using a test year ending January 31, 2012 ("TY"), and requesting a permanent rate increase to generate an additional \$8,645.28 in annual revenues, projected to bring annual revenues to \$117,956.56. Kohl's Ranch's application states that it is a "C" corporation wholly owned by Thorneco West Inc., which is described as a water management business.

On June 25, 2012, the Commission's Utilities Division ("Staff") issued a Letter of Insufficiency stating that Kohl's Ranch's rate application did not meet the sufficiency requirements of Arizona Administrative Code R14-2-103 and requiring Kohl's Ranch to correct the deficiencies or make other arrangements with Staff to remedy its rate application.

On June 27, 2012, Staff filed a Request for a Procedural Conference ("Request"), stating that Staff had discovered that Kohl's Ranch's former owner had filed for bankruptcy; that the sole shareholder of Kohl's Ranch is now Thorneco West, Inc.; and that "the Company in its present form which filed the instant application does not have a Certificate of Convenience and Necessity ("CC&N") nor has it filed with the Commission an application for the transfer of assets." Staff requested that a procedural conference be scheduled as soon as possible to address how best to proceed with this matter.

Kohl's Ranch most recently appeared before the Commission in an emergency rate case, in

1 Docket No. W-02886A-10-0369, which resulted in Decision No. 72094 (January 20, 2011), in which  
2 the Commission granted Kohl's Ranch an interim emergency rate increase to be collected through  
3 both monthly usage surcharges and commodity rate surcharges.<sup>1</sup> The Decision described Kohl's  
4 Ranch's background<sup>2</sup> and the circumstances surrounding its emergency rate case application, which  
5 included the bankruptcy of its owner, ILX Resorts Incorporated ("ILX"), and 15 of ILX's  
6 subsidiaries. The Decision found, *inter alia*, that ILX was in the process of winding up its business  
7 operations; that, at the conclusion of that winding up process, ILX would be required to turn over all  
8 of its remaining assets, including Kohl's Ranch and its assets, to the liquidating trustee approved by  
9 the bankruptcy court; and that the liquidating trustee would seek a permanent buyer for Kohl's  
10 Ranch.

11 Kohl's Ranch has not filed a response to Staff's Request.

12 Staff's Request does not set forth the factual basis for Staff's concerns related to the status of  
13 Kohl's Ranch's CC&N and whether Kohl's Ranch has transferred assets without Commission  
14 authority. Thus, it is reasonable and appropriate to schedule a procedural conference to discuss these  
15 issues.

16 IT IS THEREFORE ORDERED that a **procedural conference** shall be held in this matter on  
17 **July 20, 2012, at 10:00 a.m.**, in the Commissioners' 2<sup>nd</sup> Floor Conference Room at the  
18 Commission's offices in Phoenix, 1200 West Washington Street, Phoenix, Arizona 85007, to discuss  
19 the issues raised in Staff's Request and how this matter should proceed.

20 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
21 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
23 Communications) applies to this proceeding and shall remain in effect until the Commission's  
24 Decision in this matter is final and non-appealable.

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28 <sup>1</sup> The Decision also authorized standard service charges.

<sup>2</sup> See Decision No. 72094 at 2 & n.1.

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
3 hearing.

4 DATED this 10<sup>th</sup> day of July, 2012.

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7   
8 SARAH N. HARPRING  
ADMINISTRATIVE LAW JUDGE

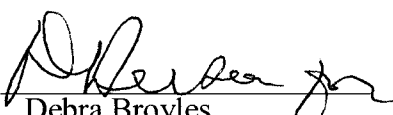
9 Copies of the foregoing mailed/delivered  
10 this 10<sup>th</sup> day of July, 2012 to:

11 Douglas R. Thorne  
12 KOHL'S RANCH WATER COMPANY  
13 P.O. Box 206  
14 Payson, AZ 85547

15 Janice Alward, Chief Counsel  
16 Legal Division  
17 ARIZONA CORPORATION COMMISSION  
18 1200 West Washington Street  
19 Phoenix, AZ 85007

20 Steven M. Olea, Director  
21 Utilities Division  
22 ARIZONA CORPORATION COMMISSION  
23 1200 West Washington Street  
24 Phoenix, AZ 85007

25 ARIZONA REPORTING SERVICE, INC.  
26 2200 N. Central Ave., Suite 502  
27 Phoenix, AZ 85004-1481  
28

29 By:   
30 Debra Broyles  
31 Secretary to Sarah N. Harpring